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CHAPTER 3 - FUNDS

SECTION A - DEFINITIONS

Funds are defined in Chapter 1, Section C, Page 3-1, to mean "cash" or a group of accounts set aside for the purpose of accounting for monies or other resources of general functions or specific activities, such as utilities, construction projects, or other activities of a city or town in accordance with the system of accounts prescribed by the State Board of Accounts or as required by statute.

Funds and account groups prescribed for use by cities and towns are the general fund, special revenue funds, debt service funds, capital projects funds, proprietary funds-enterprise funds, fiduciary funds-trust and agency funds, general fixed asset account group, general long-term debt account group and internal service funds.

Fund types and account groups are defined in more detail in Chapter 2, Section B, Pages 7-1 and 7-2. A listing of funds presently in use by cities and towns are classified in the proper fund type and account group and may be found in Chapter 2, Section B, Pages 7-2 through 7-6.

In order to conserve space, detail accounts are not listed for all fund revenue and expenditure categories. For further detail information relating to revenue and expenditure categories, please refer to the Chart of Accounts starting with Page 11-1.

SECTION B - GENERAL FUND

SCOPE

GAAFR defines the General Fund as the fund used to account for all financial resources except those required to be accounted for in another fund. The General Fund is the general operating fund of the municipality. Tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures of the municipality are paid from the General Fund.

To summarize, the General Fund shall be used for current general operations of the city or town.

CASH

The General Fund cash balance should be determinable from analysis of the Ledger of Receipts, Disbursements and Balances (City and Town Form No. 208); i.e., the opening cash balance, plus cash receipts, less cash disbursements, equals the current cash balance.

RECEIPTS

The following type revenue receipts (account numbers) are common to the General Fund:

- 310 Taxes
 - 311 General Property Taxes
 - 312 Other Taxes
 - 312.1 Financial Institutions Tax
 - 312.2 Auto and Aircraft Excise
 - 312.3 Certified Shares (Local Option Tax)
 - 312.4 Property Tax Replacement Credit (Local Option Tax)
 - 312.5 County Option Income Tax
 - 312.6 Other
- 320 Licenses and Permits
 - 321 Business Licenses and Permits
 - 322 Nonbusiness Licenses and Permits
- 330 Intergovernmental Revenues
 - 331 Federal Operating Grants
 - 332 Federal Shared Revenues
 - 333 Federal Payments in Lieu of Taxes
 - 334 State Operating Grants
 - 335 State Shared Revenues
 - 335.1 Liquor Excise Tax Distributions (ABC)
 - 335.2 Liquor Gallonage Tax Distributions (ABC)
 - 335.3 Cigarette Tax Distribution - General Fund
- 340 Charges for Services
- 350 Fines and Forfeitures

- 360 Miscellaneous Revenue
 - 361 Interest on Investments
 - 362 Rental of Property
 - 364 Cable TV Franchise
 - 367 Contributions and Donations From Private Sources
- 390 Other Financing Sources
 - 391 Proceeds of General Fixed Assets Disposition
 - 392 Interfund Transfers
 - 392.1 Transfer From Parking Meter Fund
 - 392.2 Transfer From Cumulative Capital Improvement Fund
 - 392.3 Transfer From Dormant Fund
 - 393 Proceeds From General Long-Term Debt
 - 393.1 General Obligation Bond Proceeds
 - 393.2 Premiums on Bonds Sold
 - 394 Temporary Loan From Fund
 - 395 Sale of Investments
 - 396 Refunds
 - 397 Other

DISBURSEMENTS

- 410 Personal Services
 - 411 Salaries and Wages - Cities and Those Towns Using Departmentalized Budgets
 - 411.01 Department (See Note)
 - 411.011 Department Head
 - 411.012 Deputies
 - 411.013 Regular
 - 411.014 Temporary
 - 411.015 Other
 - 411.016 Overtime Excess Compensation
 - 412 Salaries and Wages - Towns Without Departmentalized Budgets
 - 412.01 Salaries of Town Council Members
 - 412.02 Salary of Clerk-Treasurer
 - 412.021 Salary of Clerk-Treasurer
 - 412.022 Deputies
 - 412.023 Regular
 - 412.024 Temporary
 - 412.025 Other
 - 412.026 Overtime Excess Compensation
 - 412.03 Salary of Town Manager
 - 412.031 Town Manager
 - 412.033 Regular
 - 412.034 Temporary
 - 412.035 Other
 - 412.036 Overtime Excess Compensation

Note: .01 to .99 should be used for number each department. .011 to .991, .012 to .992, etc., should be used for each corresponding department head.

- 412 Salaries and Wages - Towns Without Departmentalized Budgets (Continued)
 - 412.04 Salary of Town Marshal
 - 412.041 Town Marshal
 - 412.042 Deputies
 - 412.043 Regular
 - 412.044 Temporary
 - 412.045 Other
 - 412.046 Overtime Excess Compensation
 - 412.05 Salary of Fire Chief
 - 412.051 Fire Chief
 - 412.052 Firemen
 - 412.053 Regular
 - 412.054 Temporary
 - 412.055 Other
 - 412.056 Overtime Excess Compensation
 - 412.06 Salary of Street Superintendent
 - 412.061 Superintendent
 - 412.062 Assistant Superintendent
 - 412.063 Regular
 - 412.064 Temporary
 - 412.065 Other
 - 412.066 Overtime Excess Compensation
 - 412.07 Salary of Town Attorney
 - 412.071 Town Attorney
 - 412.072 Deputies
 - 412.073 Regular
 - 412.074 Temporary
 - 412.075 Other
 - 412.076 Overtime Excess Compensation
- 413 Employee Benefits - All Cities and Towns
 - 413.01 Employer's Share of Social Security (FICA)
 - 413.02 Employer's Share of Medicare Tax
 - 413.03 Employer's Share of Retirement (PERF)
 - 413.04 Unemployment Compensation
 - 413.05 Employer's Share of Group Insurance - Health and Accident
 - 413.06 Employer's Share of Group Insurance - Life
 - 413.07 Clothing Allowance - Firemen and Policemen
 - 413.08 Auto Allowance - Volunteer Firemen
 - 413.09 Employer's Share of 1977 Firemen's Pension Contributions
 - 413.10 Employer's Share of 1977 Policemen Pension Contributions
 - 413.11 Other Employee Benefits
- 414 Self-Funded Insurance
 - 414.01 Administrative Fee
 - 414.02 Claims - Physicians and Surgeons
 - 414.03 Claims - Hospitals and Other Providers
- 415 Other Personal Services
- 420 Supplies
 - 421 Office Supplies
 - 422 Operating Supplies
 - 423 Repair and Maintenance Supplies
 - 429 Other Supplies

- 430 Other Services and Charges
 - 431 Professional Services
 - 432 Communication and Transportation
 - 433 Printing and Advertising
 - 434 Insurance (Other Than Employer's Share of Group Insurance)
 - 435 Utility Services
 - 436 Repairs and Maintenance (By Contract or Outside Suppliers)
 - 437 Rentals
 - 438 Debt Service
 - 439 Other Services and Charges
 - 439.01 Refunds, Awards, Indemnities
 - 439.02 Pension Benefits
 - 439.03 Subscriptions
 - 439.04 Premiums on Official Bonds
 - 439.05 Grants and Subsidies
 - 439.06 Garbage and Trash Collection Contract
 - 439.07 Election Expense
 - 439.08 Organization Memberships and Dues
 - 439.09 Other
- 440 Capital Outlay
 - 441 Land
 - 442 Buildings
 - 443 Improvements Other Than Buildings
 - 444 Machinery and Equipment
 - 449 Other Capital Outlays
- 450 Other Financing
 - 451 State Board of Accounts
 - 452 Interfund Operating Transfer
 - 453 Temporary Loan to _____ Fund
 - 454 Purchase of Investments
 - 459 Other

Chapter 5, Section B, Definitions of Budget Classifications, starting on Page 48-1, should be used as a reference if any questions arise as to which expense classifications should be used.

SECTION C - SPECIAL REVENUE FUNDS

DEFINITION

GAAFR defines special revenue funds as those funds used to account for the proceeds of special revenue sources (other than those from expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purpose. The most common special revenue type funds found in cities and towns are the motor vehicle highway fund, local road and street fund, federal revenue sharing trust fund, park and recreation operating fund, cemetery operating fund, aviation operating fund, and parking meter fund. See the following pages for discussion of each special revenue fund mentioned. Any other special revenue type funds of the municipality shall be accounted for in a similar matter.

MOTOR VEHICLE HIGHWAY FUND

SCOPE

The primary purpose of this special revenue type fund is to account for state motor vehicle highway distributions. If a property tax levy is made for such fund, the proceeds shall also be accounted for in the motor vehicle highway fund.

This fund is used principally for the construction and maintenance of streets and alleys; however, for the complete detail of approved uses listed in IC 8-14-1-5 should be reviewed. Depending on calculation, a restricted portion of the distributions can be used for law enforcement purposes. [IC 8-14-1-5(b)(1) and (2)]

RECEIPTS

The following types of revenue are common to the motor vehicle highway fund. If a tax levy is made the following taxes would be collected:

- 310 Taxes
 - 311 General Property Taxes
 - 312 Other Taxes
 - 312.1 Financial Institutions Tax
 - 312.2 Auto and Aircraft Excise Taxes
 - 312.3 Certified Shares (Local Option Tax)
 - 312.4 Property Tax Replacement Credit (Local Option Tax)
 - 312.5 County Option Income Tax
 - 312.6 Wheel Tax/Surtax
 - 312.7 Other
- 330 Intergovernmental Revenues
 - 335 State Shared Revenues
 - 335.7 Gasoline Tax - Motor Vehicle Highway Fund
- 340 Charges For Services
 - 343 Highways and Streets
 - 343.5 Mowing Weeds
 - 343.6 Sweeping Streets
 - 349 Other
 - 349.6 State Reimbursement for Services - State Highway Sweeping
- 360 Miscellaneous Revenue
 - 361 Interest on Investments
- 390 Other Financing Sources
 - 391 Proceeds of General Fixed Asset Dispositions
 - 395 Sale of Investments
 - 396 Refunds

DISBURSEMENTS

With the exception of personal services, which is handled differently between cities and towns with departmentalized budgets and towns without departmentalized budgets (see Page 11-7), the Chart of Accounts and expenditure categories will be the same that is provided for the general fund. Please refer to Page 13-2.

COST DISTRIBUTION SYSTEM

In addition to the foregoing, a cost distribution system is required in cities and towns with populations of 20,000 or more. [IC 8-17-4.1] Keeping of such a system in other cities and towns is optional. This system is fully explained in a separate manual prepared by this department entitled "Motor Vehicle Highway Fund Accounting System."

LOCAL ROAD AND STREET FUND

SCOPE

The Statutory purposes of this special revenue type fund is to account for state gasoline tax distributions made from the local road and street account. Purposes for which the distributions may be expended are listed at IC 8-14-2-5.

RECEIPTS

- 300 Intergovernmental Revenues
 - 335 State Shared Revenues
 - 335.8 Gasoline Tax - Local Road and Street Fund
- 360 Miscellaneous Revenues
 - 361 Interest on Investments
- 390 Other Financing Sources
 - 395 Sale of Investments
 - 396 Refunds

DISBURSEMENTS

The same Chart of Accounts and expenditure categories will be followed that is provided for the motor vehicle highway fund, and general fund, with the only difference being no administrative or indirect cost can be paid from the local road and street fund. For instance, no expenditures would be made under 411.01, Department Head, or 412.061, Superintendent (Salary of Street Superintendent). See Pages 11-7, 13-2 and 13-3.

FEDERAL REVENUE SHARING TRUST FUND

SCOPE

In 1972, the "Fiscal Assistance to State and Local Government Act," (Public Law 92-512) was enacted by the United States Congress. Since that time, the original act has been amended at various times. Certain restrictions are imposed by the federal government. The act and the associated regulations should be reviewed in detail. For the most part, revenue sharing entitlements must be appropriated, spent, and invested in the same manner, and for the same purposes, as those required for all other revenues of the city or town.

RECEIPTS

- 360 Miscellaneous Revenues
- 361 Interest on Investments

- 390 Other Financing Sources
- 395 Sale of Investments

DISBURSEMENTS

As stated previously, revenue sharing entitlements and interest earned from investing the entitlement funds may be expended for any purpose permitted by state statutes for other revenues of the city or town.

PARK AND RECREATION OPERATING FUND

SCOPE

The purpose of this special revenue type fund is to account for the operating receipts and disbursements made in connection with the city or town providing recreation programs and facilities. The general Park and Recreation Law is found in IC 36-10-3.

RECEIPTS

The following types of receipts are common to the park and recreation operating fund:

- 228 Other Short-Term Liabilities
 - 228.4 State Sales Tax Collected
- 310 Taxes
 - 311 General Property Taxes
 - 312 Other Taxes
 - 312.1 Financial Institutions Tax
 - 312.2 Auto and Aircraft Excise Taxes
 - 312.3 Certified Shares (Local Option Tax)
 - 312.4 Property Tax Replacement Credit (Local Option Tax)
 - 312.5 County Option Income Tax
 - 312.6 Other
- 330 Intergovernmental Revenues
 - 331 Federal Operating Grants
 - 331.7 Culture and Recreation
 - 334 State Operating Grants
 - 334.7 Culture and Recreation
- 340 Charges for Services
 - 347 Culture and Recreation
 - 347.1 Park Receipts
 - 347.11 Swimming Pool
 - 347.12 Golf Course
 - 347.13 Concession Stand(s)
 - 347.14 Leases
- 360 Miscellaneous Revenue
 - 361 Interest on Investments
 - 362 Rental of Property
 - 367 Contributions and Donations From Private Sources
- 390 Other Financing Sources
 - 391 Proceeds of General Fixed Assets Disposition
 - 393 Proceeds From General Long-Term Debt
 - 395 Sale of Investments
 - 396 Refunds

DISBURSEMENTS

With the exception of different manners in scheduling personal services as related to municipalities with departmental or nondepartmental budgets, the same Chart of Accounts and expenditure categories will be followed that is provided for the General Fund. See Page 13-2.

CEMETERY OPERATING FUND

SCOPE

The purpose of this special revenue type fund is to account for the operating receipts and disbursements in connection with a city or town owned cemetery. The general city and town cemetery law is found at IC 23-14-65.

RECEIPTS

The following types of receipts are common to the cemetery fund:

- 228 Other Short-Term Liabilities
 - 228.4 State Sales Tax Collected
- 310 Taxes
 - 311 General Property Taxes
 - 312 Other Taxes
 - 312.1 Financial Institutions Tax
 - 312.2 Auto and Aircraft Excise Taxes
 - 312.3 Certified Shares (Local Option Tax)
 - 312.4 Property Tax Replacement Credit (Local Option Tax)
 - 312.5 County Option Income Tax
 - 312.6 Other
- 340 Charges for Services
 - 349 Other
 - 349.1 Sale of Cemetery Lots
 - 349.8 Opening and Closing Graves
- 360 Miscellaneous Revenue
 - 361 Interest on Investments
 - 362 Rental of Property
 - 367 Contributions and Donations From Private Sources
- 390 Other Financing Sources
 - 391 Proceeds of General Fixed Assets Disposition
 - 393 Proceeds From General Long-Term Debt
 - 395 Sale of Investments
 - 396 Refunds

DISBURSEMENTS

With the exception of the manner of accounting for personal services in cities and towns with departmental budgets versus those towns with nondepartmentalized budgets, the same Chart of Accounts and expenditure categories will be followed that is provided in the General Fund. See Page 13-2.

AVIATION OPERATING FUND

SCOPE

The purpose of this special revenue type fund is to account for the operating receipts and disbursements in connection with the operation of a city or town owned airport. The general law is found at IC 8-22-1 through IC 8-22-5.

RECEIPTS

The following types of receipts are common to the aviation fund:

- 228 Other Short-Term Liabilities
 - 228.4 State Sales Tax Collected
- 310 Taxes
 - 311 General Property Taxes
 - 312 Other Taxes
 - 312.1 Financial Institutions Tax
 - 312.2 Auto and Aircraft Excise Taxes
 - 312.3 Certified Shares (Local Option Tax)
 - 312.4 Property Tax Replacement Credit (Local Option Tax)
 - 312.5 County Option Income Tax
 - 312.6 Other
- 340 Charges for Services
 - 349 Other
 - 349.2 Airport Revenues
- 360 Miscellaneous Revenue
 - 361 Interest on Investments
 - 362 Rental of Property (Hangar Rental)
 - 367 Contributions and Donations From Private Sources
- 390 Other Financing Sources
 - 391 Proceeds of General Fixed Assets Disposition
 - 393 Proceeds From General Long-Term Debt
 - 395 Sale of Investments
 - 396 Refunds

DISBURSEMENTS

With the exception of the manner of accounting for personal services in cities and towns with departmental budgets versus those towns with nondepartmentalized budgets, the same Chart of Accounts and expenditure categories will be followed that is provided in the general fund. See Page 13-2.

PARKING METER FUND

SCOPE

The purpose of this special revenue type fund is to account for the receipts and disbursements in connection with operating city and town owned parking facilities and parking meters. The general laws for these activities are found at IC 36-9-11, IC 36-9-11.1 and IC 36-9-12. These statutes should be reviewed in detail for approved uses of these revenues.

RECEIPTS

The following types of receipts are common to the parking meter fund:

- 310 Taxes
 - 311 General Property Taxes
 - 312 Other Taxes
 - 312.1 Financial Institutions Tax
 - 312.2 Auto and Aircraft Excise Taxes
 - 312.3 Certified Shares (Local Option Tax)
 - 312.4 Property Tax Replacement Credit (Local Option Tax)
 - 312.5 County Option Income Tax
 - 312.6 Other
- 340 Charges for Services
 - 343 Highways and Streets
 - 343.1 Parking Meter Receipts
 - 343.2 Parking Space Rental
 - 343.4 Penalties - Parking Meter Fines (When Not Required to be Receipted to General Fund)
- 360 Miscellaneous Revenue
 - 361 Interest on Investments
 - 362 Rental of Property
- 390 Other Financing Sources
 - 391 Proceeds of General Fixed Assets Disposition
 - 393 Proceeds From General Long-Term Debt
 - 395 Sale of Investments

DISBURSEMENTS

With the exception of the manner of accounting for personal services in cities and towns with departmental budgets versus those towns with nondepartmentalized budgets, the same Chart of Accounts and expenditure categories will be followed that is provided in the general fund. See Page 13-2.

APPROPRIATIONS

In all cities, appropriation of parking meter funds by the common council is required in the same manner as other public funds are appropriated. Such appropriations are not subject to review by either the County Tax Adjustment Board or by the State Board of Tax Commissioners. In towns, no appropriation is required.

PENALTIES

Penalties for violations of parking meter ordinances may be receipted either to the General Fund or Parking Meter Fund depending upon the requirement of the ordinance.

In the absence of any provision providing for the disposition of such penalties, they should go to the General Fund.

SECTION D - DEBT SERVICE FUNDS

DEFINITION

GAAFR defines debt service funds to be those funds used to account for the accumulation of resources for, and retirement of, general long-term debt principal and interest. Formerly this type fund was called a sinking fund. The most common debt service fund found in cities and towns is the bond and interest redemption fund. This fund will be described and all other debt service funds will be accounted for in a similar manner.

BOND AND INTEREST REDEMPTION FUND

SCOPE

This debt service type fund is used to account for repayment of general obligation bond issues of a city or town.

RECEIPTS

The following revenues are common to the bond and interest redemption fund:

- 310 Taxes
 - 311 General Property Taxes
 - 312 Other Taxes
 - 312.1 Financial Institutions Tax
 - 312.2 Auto and Aircraft Excise Taxes
 - 312.3 Certified Shares (Local Option Tax)
 - 312.4 Property Tax Replacement Credit (Local Option Tax)
 - 312.5 County Option Income Tax
 - 312.6 Other
- 360 Miscellaneous Revenues
 - 361 Interest on Investments
- 390 Other Financing Sources
 - 393 Proceeds From General Long-Term Debt
 - 393.1 General Obligation Bond Proceeds
 - 393.2 Premium and Accrued Interest on Bonds Sold
 - 395 Sale of Investments
 - 396 Refunds

DISBURSEMENTS

- 430 Other Services and Charges
 - 438 Debt Service
 - 438.1 Principal
 - 438.2 Interest
 - 438.3 Paying Agent Fees
- 450 Other Financing Uses
 - 454 Purchase of Investments

PAYMENT OF BONDS AND COUPONS

If the bond ordinance specifically provides for payment of bonds and coupons at a certain bank, payment should be made to the bank, on or immediately prior to each due date for the total amount of bonds maturing and coupons due and payable on such due date plus the paying agent's fees, if any.

The bank should render a statement of such account and turn over paid bonds and coupons periodically, preferably at the end of each month. The clerk-treasurer should keep a record of bonds and coupons paid in the prescribed Bond Register, General Form No. 53, and reconcile this register with each bank statement. The statements and bonds and coupons (properly cancelled or stamped to show payment) must be carefully preserved.

Within a reasonable time after the due date of the last maturing bond any balance in the account resulting from bonds or coupons not presented for payment should be returned by the bank to the clerk-treasurer.

If the bond ordinance specifically provides for payment of bonds and coupons at the office of the clerk-treasurer, there would appear to be no authority for a bank to act as paying agent and the presentation and payment would be made at the office of the clerk-treasurer.

SECTION E - CAPITAL PROJECTS FUNDS

DEFINITION

GAAFR defines capital projects funds as those funds used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The most common capital projects funds found in all cities and towns are the cumulative capital improvement fund and the general improvement fund.

CUMULATIVE CAPITAL IMPROVEMENT FUND

SCOPE

This capital projects type fund is used to account for receipts and disbursements of state cigarette tax distributions. The fund is established by IC 6-7-1-31.1.

RECEIPTS

The following revenue categories are common to the cumulative capital improvement fund:

- 330 Intergovernmental Revenues
 - 335 State Shared Revenues
 - 335.4 Cigarette Tax Distributions - Cumulative Capital Improvement Fund
- 360 Miscellaneous Revenues
 - 361 Interest on Investments
- 390 Other Financing Sources
 - 395 Sale of Investments
 - 396 Refunds

DISBURSEMENTS

IC 6-7-1-31.1 (a) states in part: ". . . The city or town may only use money in its cumulative capital improvement fund to: (1) Purchase land, easements, or rights-of-way; (2) purchase buildings; (3) construct or improve city owned property; or (4) retire general obligation bonds issued by the city or town for one (1) of the purposes stated in clause (1), (2), (3) of this subsection. The money in the city's or town's cumulative capital improvement fund does not revert to its general fund."

"(b) Any city or town may at any time, by ordinance or resolution, transfer to its general fund any monies derived under this chapter [6-7-1-1 -- 6-7-1-36], which have been deposited in the city's or town's cumulative capital improvement fund."

The Attorney General held in Official Opinion No. 32 of 1965, that the term "capital improvement" as used and defined in the law does not contemplate the purchase of "major movable equipment" or any other personal property and the use of such fund for such purposes would be contrary to the express restrictive authority of the law. Such expenditures could be made from the municipality's general fund after the transfer permitted by IC 6-7-1-31.1(b).

GENERAL IMPROVEMENT FUND

The general improvement fund should be classified as a capital projects fund effective January 1, 1988.

The statute authorizing a general improvement fund for municipalities is found at IC 36-9-17.

The law gives permissive authority to any city or town to establish a permanent revolving fund to be used for financing public improvements which are to be paid for by special assessments. [IC 36-9-17]

Public improvements mentioned include improvements for a public way, public place or to construct, repair or reconstruct sidewalks, curbs, gutters and sewers, drains, streets or alleys. [IC 36-9-17-2 and IC 36-9-17-3]

All collections on such assessments shall be receipted to this fund and all portions of such cost as shall be assumed by the city shall also be receipted to this fund, thus making such fund self-perpetuating. The aggregate sum which may be appropriated and levied shall not exceed the equivalent of fifty cents on each one hundred dollars of net taxable valuation. [IC 36-9-17-5(c)]

The use of this fund eliminates the necessity for issuing Barrett Law bonds. The board shall fix the time within which assessments shall be paid -- which time shall not extend beyond a period of five (5) years. All interest and penalties collected on assessments are to be receipted to the General Fund. [IC 36-9-17-7(c)]

Accounting for the financing of public improvements handled through this revolving fund requires the use of the regular Barrett Law forms and procedures that are applicable.

SECTION F - ENTERPRISE FUNDS

Enterprise funds are a common type of proprietary funds. Another type of proprietary fund listed by GAAFR is an internal service fund. Internal service funds are discussed in Section K, Page 46-1.

DEFINITION

GAAFR defines "Enterprise Funds" as those funds used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The most common examples of enterprise funds are those used for municipally owned water, wastewater, electric and gas utilities. It is possible operation of transit systems, airports, swimming pools, golf courses, parking garages, trash pickup or cemeteries might also qualify as an enterprise activity requiring enterprise fund accounting and reporting.

UTILITY FUNDS

INTRODUCTION

When the Clerk-Treasurer serves as treasurer of the utility funds he will keep each fund on City and Town Form No. 208, Ledger of Receipts, Disbursements and Balances, in the same manner as other funds are carried in the ledger. Appropriations are not required since tax levies are not involved.

This manual will not go into detail concerning the handling of water, wastewater, electric, and gas utility funds on a double-entry basis since manuals are ordinarily provided for this purpose by regulatory commissions. A short discussion of each of these utility funds will follow where all of these funds are handled on a single entry basis.

The clerk-treasurer shall keep all of the accounting records of the utilities unless the board employs and authorizes other personnel for such purposes.

The statutes relating to municipally owned utilities are as follows:

- IC 8-1-1 - Indiana Utility Regulatory Commission
- IC 8-1-2.2 - Municipal Electric Utility Programs
- IC 8-1-11.1 - Department of Public Utilities of Consolidated Cities
- IC 8-1-12-1 - Utility Service to Certain Hospitals
- IC 8-1.5 - Municipal Utilities
- IC 8-1.5-1 - Definitions
- IC 8-1.5-2 - Transfer, Acquisition and Improvement of Utilities
- IC 8-1.5-3 - Operation of Municipally Owned Utilities Generally
- IC 8-1.5-4 - Department of Waterworks in Certain Municipalities
- IC 8-1.5-5 - Storm Water Management Systems
- IC 36-9-23 - Municipal Sewage Works
- IC 36-9-24 - Leasing of Sewage Disposal Facilities
- IC 36-9-25 - Sanitation Department in Certain Cities
- IC 36-9-26 - Cumulative Building Fund for Municipal Sewers

There may be funds in use in cities and towns other than those discussed in this manual; however, the accounting for such funds will follow the procedures provided herein.

UTILITY ACCOUNTING SYSTEM

Electric and gas utilities are defined into four classes, Class A, B, C, and D, depending on the amount of annual operating revenues. Water and wastewater utilities are divided into three classes, A, B, and C, also depending on the amount of annual operating revenues. The National Association of Regulatory Utility Commissioners has published charts of accounts for the various classes of utilities and the Indiana Utility Regulatory Commission has adopted these for use by the Indiana municipal utilities. The Uniform System of Accounts pertaining to any particular class may be obtained by writing to the National Association of Regulatory Commissioners, P.O. Box 684, Washington, D.C., 20044.

The accounting manuals classify utilities to their annual operating revenues as follows:

Electric and Gas Utilities

- Class A - \$2,500,000 or more.
- Class B - \$1,000,000 or more but less than \$2,500,000.
- Class C - \$150,000 or more but less than \$1,000,000.
- Class D - \$25,000 or more but less than \$150,000.

Water and Wastewater Utilities

- Class A - \$1,000,000 or more.
- Class B - \$200,000 or more but less than \$1,000,000.
- Class C - Less than \$200,000.

Notwithstanding the above classifications, each utility should use the chart of accounts for the classification set by the Indiana Utility Regulatory Commission.

Classes A and B must use the double-entry accrual accounting system as prescribed. Municipal utilities which are Class C should use double entry records if personnel employed are capable of understanding double-entry accrual accounting. If such personnel are not available, it is permissible to continue using the simplified single entry cash basis forms prescribed for utilities.

In reviewing applicable regulatory agencies, we find no classifications for municipal sewage utilities.

A complete list of prescribed municipal utility accounting forms, including wastewater utilities, may be found on Page 42-6.

WATER UTILITY FUNDS

The purpose of these funds is to account for receipts and disbursements in connection with the operation of a water plant and/or distribution system.

The funds most common to the operation of a Water Utility are as follows:

Water Operating Fund
Water Bond and Interest (Sinking) Fund
Water Depreciation Fund
Water Meter Deposit Fund

RECEIPTS

Water Operating Fund

Single Entry Basis - Follow the account classification on Form No. 319, Simplified Cash Journal - Water Utility and the Uniform System of Accounts for Class C Water Utilities approved by the Indiana Utility Regulatory Commission.

Water Bond and Interest (Sinking) Fund

Monthly transfers from Water Operating Fund in accordance with bond ordinance.

Water Depreciation Fund

Monthly transfers from Water Operating Fund in accordance with bond ordinance.

Water Meter Deposit Fund

Deposits by Consumers.

DISBURSEMENTS

Water Operating Fund

Single Entry Basis - Follow the account classifications on Form No. 319, Simplified Cash Journal - Water Utility and the Uniform Systems of Accounts for Class C Water Utilities approved by the Indiana Utility Regulatory Commission.

Water Bond and Interest (Sinking) Fund

Bonds Retired
Interest Paid
Paying Agent's Fees

Water Depreciation Fund

Major repair and replacement of plant and equipment.

Water Meter Deposit Fund

Deposits refunded or applied.

WASTEWATER (SEWAGE) UTILITY FUNDS

The purpose of these funds is to account for receipts and disbursements in connection with the operation of a sewage treatment plant and sanitary sewers. In some instances, storm sewers are also included.

The funds most common to the operation of a Wastewater (Sewage) Utility are as follows:

Wastewater (Sewage) Operating Fund
Wastewater (Sewage) Bond and Interest (Sinking) Fund
Wastewater (Sewage) Depreciation Fund

RECEIPTS

The following receipts are common to the Wastewater (Sewage) Utility funds:

Wastewater (Sewage) Operating Fund

- * Commercial Sales
- * Industrial Sales
- Penalties
- Other Operating
- Other Receipts (Nonoperating)

- * Rates and charges are usually based on water consumption.

Wastewater (Sewage) Bond and Interest (Sinking) Fund

Monthly transfers from Sewage Operating Fund in accordance with bond ordinance.

Wastewater (Sewage) Depreciation Fund

Monthly transfers from Sewage Operating Fund in accordance with bond ordinance.

DISBURSEMENTS

Wastewater (Sewage) Operating Fund

Single Entry Basis - Follow the account classifications on Form No. 323, Simplified Cash Journal - Municipal Sewage Utility.

Wastewater (Sewage) Bond and Interest (Sinking) Fund

Bonds Retired
Interest Paid
Paying Agent's Fees

Wastewater (Sewage) Depreciation Fund

Major repair and replacement of plant and equipment.

The bond ordinance should be reviewed carefully in order to determine what restrictions are placed upon the use of the foregoing fund.

ELECTRIC UTILITY FUNDS

The purpose of these funds is to account for receipts and disbursements in connection with the operation of an electric generating plant and/or distribution system.

The funds most common to the operation of an Electric Utility are as follows:

Electric Operating Fund
Electric Bond and Interest (Sinking) Fund
Electric Depreciation Fund
Electric Meter Deposit Fund

RECEIPTS

Electric Operating Fund

Single Entry Basis - Follow the accounting classifications on Form No. 318, Simplified Cash Journal - Electric Utility and the Uniform System of Accounts for Class D Electric Utilities approved by the Indiana Utility Regulatory Commission.

Electric Bond and Interest (Sinking) Fund

Monthly transfers from Electric Operating Fund in accordance with bond ordinance.

Electric Depreciation Fund

Monthly transfers from Electric Operating Fund in accordance with bond ordinance.

Electric Meter Deposit Fund

Deposits by consumers.

DISBURSEMENTS

Electric Operating Fund

Single Entry Basis - Follow the account classifications on Form No. 318, Simplified Cash Journal - Electric Utility and the Uniform System of Accounts for Class D Electric Utilities approved by the Indiana Utility Regulatory Commission.

Electric Bond and Interest (Sinking) Fund

Bonds Retired
Interest Paid
Paying Agent's Fees

Electric Depreciation Fund

Major repair and replacement of plant and equipment.

Electric Meter Deposit Fund

Deposits refunded or applied.

GAS UTILITY FUNDS

The purpose of these funds is to account for receipts and disbursements in connection with the operation of a gas plant and/or distribution system.

The funds most common to the operation of a Gas Utility are as follows:

Gas Operating Fund
Gas Bond and Interest (Sinking) Fund
Gas Depreciation Fund
Gas Meter Deposit Fund

RECEIPTS

Gas Operating Fund

Single Entry Basis - Follow the account classifications on Form No. 327, Simplified Cash Journal - Gas Utility and the Uniform System of Accounts for Class D Gas Utilities approved by the Indiana Utility Regulatory Commission.

Gas Bond and Interest (Sinking) Fund

Monthly transfers from Gas Operating Fund in accordance with bond ordinance.

Gas Depreciation Fund

Monthly transfers from Gas Operating Fund in accordance with bond ordinance.

Gas Meter Deposit Fund

Deposits by consumers.

DISBURSEMENTS

Gas Operating Fund

Single Entry Basis - Follow the account classifications on Form No. 327, Simplified Cash Journal - Gas Utility and the Uniform System of Accounts for Class D Gas Utilities approved by the Indiana Utility Regulatory Commission.

Gas Bond and Interest (Sinking) Fund

Bonds Retired
Interest Paid
Paying Agent's Fees

Gas Depreciation Fund

Major repair and replacement of plant and equipment.

Gas Meter Deposit Fund

Deposits refunded or applied.

SECTION G - TRUST AND AGENCY FUNDS

Trust and agency funds are a type of fiduciary fund. They include: (a) expendable trust funds; (b) nonexpendable trust funds; (c) pension trust funds; and (d) agency funds.

DEFINITIONS

GAAFR defines trust and agency funds as those funds used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The most common examples of trust and agency funds are the payroll fund, payroll deduction funds, pension funds and the surplus Barrett Law fund.

PAYROLL FUND

In order to simplify the handling of withholdings from employees' salaries and wages this department approves of the use of a "Payroll Fund" where the number of employees will justify it.

If the local officials decide to establish a "Payroll Fund," the following procedures should be used in connection with such fund.

1. "Payroll Fund" is to be printed or typed on each payroll warrant.
2. Each office and department (including utilities if the Clerk-Treasurer is responsible for detail utility records) shall submit a payroll schedule and voucher on General Form No. 99, covering the personal services of that office or department. This form shall include all compensation of the office or department, including salary and wages of the officer, deputies, clerks and other employees. Supplemental records such as time cards, daily logs, and other such supporting records may be prepared and maintained.
3. The individual payrolls will be summarized by the Clerk-Treasurer for each fund, using Form No. 99, but indicating "SUMMARY" on the form. This will compile in total the payrolls for all offices and departments in each fund for each payroll period. Show the payroll claim number in the column headed "Class Title", and the name of the office or department in the column headed "Name of Employee."
4. Total the payroll "SUMMARY" for each fund and issue a regular city or town warrant from such fund for the total gross pay and receipt this amount into the payroll fund.
5. Issue payroll warrants from the payroll fund based upon the information on the individual payroll schedules and vouchers submitted by each office and department. Each warrant must be completed in full, showing the gross pay and applicable payroll deductions. It is not necessary to indicate on the payroll warrant the appropriation account to which the warrant is chargeable.
6. Payroll deductions will be accumulated in the payroll fund, and then disbursed from this fund at the proper time to the various receiving agencies by payroll warrants. It is suggested the payroll fund ledger sheet be supported by subsidiary ledger sheets for each type of payroll deduction in order to see that no unidentified balance is allowed to accumulate in the payroll fund.
7. At the close of each pay period the payroll warrants for the period should be totaled and proved to the totals of the payroll summaries for the period. Enter the total of the payroll warrants for the period on the payroll warrant register immediately after the last warrant issued, showing separately the totals of gross pay, each of the payroll deduction columns, and the net amount of the payroll warrants. These totals may then be posted to a "Control Account" in the Employee's Earnings Record, Form No. 99B, thereby furnishing a proof of postings to this record.
8. Posting to appropriation accounts is to be made from the individual payroll schedules and vouchers for the gross amount of the pay. Posting to the respective fund accounts is to be made from the regular city or town warrants issued for transfer of funds to the payroll fund. The totals of amounts posted to the appropriation accounts and the respective fund accounts must agree. Posting to the payroll fund is to be made from the payroll warrants.
9. The individual office or department payroll schedules and vouchers are to be filed in the regular manner. The payroll summaries are to be filed in good order in a suitable post binder.

PAYROLL DEDUCTION FUNDS

The accounting for receipts and disbursements of payroll deductions requires little analysis. Each title is generally descriptive of both the source of receipts and the purpose of disbursements of the particular fund. These funds are used only where a Payroll Fund is not utilized. If a payroll fund is used (See Page 34-1) no separate funds for payroll deductions are needed.

The following are some of the most common of these funds:

Federal Withholding Tax Fund

This fund will be receipted from the amounts deducted from the employees' salaries and wages for Federal Withholding Tax.

When the tax is paid to the Federal Government it will be entered as a disbursement.

State Withholding Tax Fund

This fund will be receipted with the amounts deducted from employees' salaries and wages for State Withholding Tax.

When the tax is paid to the State, it will be entered as a disbursement.

Social Security Fund

This fund will be receipted with the amounts deducted from employees' salaries and wages for Social Security.

When payment is made to the Director, Internal Revenue Service, it will be entered as a disbursement.

Public Employees' Retirement Fund

This fund will be receipted with the amounts deducted from employees' salaries and wages for the Public Employees' Retirement Fund.

When payment is made to the State Public Employees' Retirement Fund, it will be entered as a disbursement.

Payments from the foregoing payroll deduction funds are required to be made by statute, based upon reports made by the Clerk-Treasurer, and there is no provision requiring the agencies to claim the amounts due. The Clerk-Treasurer should simply prepare a claim without certification and attach thereto any copies of reports and workpapers, thus using the claim blank for a jacket only for the purpose of showing the fund on which drawn and accounts to be charged. [IC 5-11-10-1]

Other trust and agency funds might include:

Group Insurance Fund

This fund will be receipted with the amounts deducted from employees' salaries and wages for group insurance.

When payment is made to the insurance company, it will be entered as a disbursement.

With regard to social security, retirement and group insurance funds, there will be contributions to be paid from city or town funds. It is our recommendation that such contributions not be paid into the trust and agency funds monthly. At such time as reports are made to the respective agencies to which payments are due then at that time a warrant will be issued for the city's or town's portion and charged directly to the proper fund and appropriation. If deduction funds are in a separate bank account, reports to the proper agencies will have to be supported by two checks, one drawn on the withholding fund containing employee's contributions and the other drawn on city or town funds and charged direct to the proper expense or appropriation account.

Additional trust and agency funds may be established by the Clerk-Treasurer as warranted; however, the accounting procedure will be the same as indicated for the foregoing funds.

BARRETT LAW FUNDS

Barrett Law statutes are found IC 36-9-36, Municipal and County Barrett Law; IC 36-9-37, Barrett Law Funding for Municipalities; IC 36-9-38, Barrett Law Funding for Municipal Improvement Districts; and IC 36-9-39, Barrett Law Funding for Municipal Sewers.

The receipt and disbursement of these funds is limited to construction projects. Each project will generally require special authorization or resolution of the board necessitating separate accounting for each project.

As each project will denote the character of the proposed disbursements, further identification by objects of expense is unnecessary.

The Clerk-Treasurer, according to the statute, serves as custodian of these funds.

For control of Barrett Law Funds, four accounts shall be carried in the fund ledger, on Form 208, Ledger of Receipts, Disbursements and Balances, for the Waivered, Nonwaivered, Prepayment and Surplus Barrett Law Accounts. Total receipts for the month shall be posted to these accounts from the Cash Book, Form No. 15. Total waived and nonwaivered disbursements for the month shall be posted from the Summary of Payments, Form No. 241, and the Primary Assessment Roll, Form No. 43, respectively. Total Surplus Barrett Law Account disbursements for the month shall be posted from the warrant register. The total of these accounts shall be reconciled monthly with the bank balance. The waived, non-waived prepayment funds should be classified as Debt Service Funds effective January 1, 1988. The Surplus Barrett Law Fund should be classified as an Agency Fund.

NONWAIVERED BARRETT LAW ASSESSMENTS

If a property owner does not sign a waiver within thirty days after the date of the final acceptance of the Barrett Law improvement the entire assessment is payable without interest before the expiration of said thirty days. If not paid within this period of thirty days, 8% interest is to be added from the date of final acceptance. [IC 36-9-36-37] Such interest is payable to the contractor. The Clerk-Treasurer shall, before the first day of June annually, certify to the county auditor a list of all delinquent waived and nonwaivered assessments, together with interest as provided. [IC 36-9-37-23] If payment is not made by the first Monday in November next after certification, a 10% penalty is added for nonpayment and such assessment included in the tax sale of the following year. The penalty collected shall be receipted to the "Surplus Barrett Law Account." [IC 36-9-37-21]

The common council or town council may adopt an ordinance that exempts the city or town from the certification process listed in IC 36-9-37-23.

WAIVERED BARRETT LAW ASSESSMENTS

A waived Barrett Law assessment is payable in ten annual installments. On each installment one-tenth of the assessment plus current interest to the due date of the respective bond should be collected. In addition, six months' interest in advance should be collected on each of the first nine installments. The current interest on the first installment is to be computed from the date of the final acceptance to the due date of the first bond. [IC 36-9-37-12]

When the assessment roll is finally approved at any time before July 1 of any year the first annual installment is payable on or before November 10 of that year, and the first bond shall be due on February 1 of the next succeeding year. When the assessment roll is finally approved at any time after June 30 the first annual installment is payable on or before May 10 of the next succeeding year, and the first bond shall be due on August 1 of such year. [IC 36-9-37-29]

Bonds may be issued in any denomination. The last bond in a series may be in a denomination other than a \$100.00 multiple if the project cost is not in a \$100.00 multiple. [IC 36-9-37-28(d)] The bonds shall form a series numbered from 1 to 10, inclusive, and shall be payable annually, but the interest shall be payable semiannually. [IC 36-9-37-29]

Any property owner who wishes to pay his waived assessment in full may, at any time after the expiration of the first year, pay up his entire assessment and stop the interest thereon, and be relieved of the lien on his property, on condition that he, at the same time, pay all interest due at the next interest paying period. [IC 36-9-37-14]

Moneys received on account of prepaid assessments shall be invested in securities of the federal government so that the principal will mature in time to pay the Barrett Law Bonds for which the assessments were collected. [IC 36-9-37-14]

The disbursing officer shall pay to the bondholder on demand all the payments, including prepayments, made by the property owners on an improvement only if the bondholder owns all the outstanding bonds on such improvement. The interest on such bonds shall be reduced accordingly.

Whenever a payment is made to a bondholder, the Clerk-Treasurer shall give the bondholder a schedule detailing the amount of principal and interest paid on each bond and any interest on delinquency. [IC 36-9-37-32]

DELINQUENT WAIVERED ASSESSMENTS

Delinquent collections for payment of bonds and coupons shall be paid to the bondholders on a pro rata basis together with interest on delinquency on February 1 and August 1 of each year. [IC 36-9-37-29]

On delinquent assessments certified to the county auditor before June 1 of each year, the total amount certified shall also include interest on the total delinquency at 10% per year from the date of delinquency to November 10 following such certification. If payment is not made on or before November 10, an additional 10% penalty of the certified principal and interest shall be added. [IC 36-9-37-24]

The city or town officer in charge of Barrett Law collections shall not accept payment from the county after delinquent assessments have been certified to the county auditor. [IC 36-9-37-23(d)]

In the event of default on any one (1) installment, all installments against a particular parcel of land shall be deemed delinquent and subject to sale as for taxes. [IC 36-9-37-22]

Interest on a delinquent installment of a waived assessment remains at 10% per year; however, this shall be computed at the rate of 5% for each six months period or fraction thereof. [IC 36-9-37-20(b)]

Penalties collected on waived assessments shall be receipted to a "Surplus Barrett Law Account." Such account may be used to pay interest lost on prepaid assessments, purchase supplies or equipment for the Barrett Law Department, or to provide debt service reserves or other security for bonds issued by the municipality. [IC 36-9-37-21(a)]

It is not necessary to make payment on any bond or coupon if there is not at least 1% of the face value of the bond or coupon available, unless there are no more delinquent collections to be made, in such case payment shall be made in full. [IC 36-9-37-21(b)]

OLD BARRETT LAW WAIVERED BALANCES

The balance in any waived Barrett Law account that has been inactive for at least ten years may be transferred to the "Surplus Barrett Law Account." [IC 36-9-37-42]

RELEASE OF LIEN ON UNPAID ASSESSMENTS

The lien for Barrett Law assessments shall expire five years after the due date of the assessment except that where assessments are payable in installments, action to foreclose the lien may be brought within fifteen years from the date of the final approval of the assessment.

Thereafter, upon request by the property owner, the Clerk-Treasurer evidencing the lien of an unpaid assessment shall certify across the face of such record that the lien on said assessment is satisfied and released by lapse of time.

OFFICIAL BOND

The Clerk-Treasurer shall give an official bond for Barrett Law Funds, which will be in addition to the bond required covering other funds, in an amount to be fixed each year by the city council or town council as required by law. Said bond shall be filed and recorded in the office of the county recorder as required by law. [IC 36-9-37-7 and IC 5-4-1-18(c)]

BARRETT LAW FORMS

See Chapter 4, Section D, Page 45-1 for explanation. See Page 42-5 for list of forms.

SECTION H - GENERAL FIXED ASSETS ACCOUNT GROUP

DEFINITION

GAAFR defines the General Fixed Assets Account Group as a self-balancing group of accounts set up to account for the general fixed assets of a government. They record the fixed assets other than those accounted for in proprietary fund types or trust funds. These accounts will be used only where accounting and reporting are done on an accrual or modified accrual basis.

The following entries will be made in addition to the posting of the regular budgetary fund accounts.

All additions and acquisitions of fixed assets will be recorded as debits to the proper fixed asset classification:

- 161 Land
- 162 Buildings
- 164 Improvements Other Than Buildings
- 166 Machinery and Equipment

The balancing entry will be a credit to the proper fund equity account:

- 280 Investment in General Fixed Assets
 - 280.1 Investment From General Fund
 - 280.2 Investment From Cumulative Capital Improvement Fund
 - 280.3 Investment From General Obligation Bonds
 - 280.4 Investment From _____

SECTION I - GENERAL LONG-TERM DEBT ACCOUNT GROUP

DEFINITION

GAAFR defines the General Long-Term Debt account group as a self-balancing group of accounts set up to account for the unmatured general long-term debt of a government. They shall record the principal amount of all general long-term liabilities, excluding those of proprietary fund types and trust funds. These accounts are required only where accounting and financial reporting are done on an accrual or modified accrual basis.

The following entries are required in addition to the normal posting to the Debt Service Funds.

As payments of bond principal are made, the following type entries are to be made:

Debits (Either And) Current Liabilities (Other Than Long-Term Debt):

225 Bonds Payable
225.1 General Obligation Bonds Payable

Long-Term Liabilities:

231 Bonds Payable
231.1 General Obligation Bonds Payable

Credits:

Other Debits
183 Amount Provided and to be Provided for Payment of Bonds

SECTION J - INTERNAL SERVICE FUNDS

DEFINITION

GAAFR defines Internal Service Funds as those funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost reimbursement basis.

Common examples are where separate departments (and separate budgets) outside the General Fund are established (by ordinance) for data processing, garage, or purchasing. In this situation, the following revenues and expenditures may be received and expended:

Revenue

Data Processing:

- 340 Charges for Services
- 349.9 Data Processing Charges

Expenses

With the exception of personal services, which is handled differently in cities and town with departmentalized budgets and towns without departmentalized budgets (See Page 11-10), the Chart of Accounts and expenditure categories will be the same that is provided for the general fund. Please refer to Page 13-2.

SECTION K - INVESTMENT TRANSACTION FUNDS

In order to maintain proper control over investment transactions by law the following procedure is recommended:

1. At the time investments are purchased, the city or town fiscal officer should enter the full cost of the securities (purchase price plus accrued interest) as a disbursement from the fund or funds from which the investment is made.

Where investment is made from "total monies on deposit," the warrant issued will not be posted in the ledger, but a memorandum account should be set up in a separate section of the ledger to which investment transactions will be posted.

2. When investment is made from a specific fund or funds, a new fund ledger sheet entitled "Investments - _____ Fund" should be set up for each fund from which investments were purchased. The net price (purchase price less accrued interest) should be entered as a receipt for each fund. The new ledger sheet should be filed immediately following the cash fund ledger sheet of the fund from which the investment was purchased.

The Investment Register, General Form No. 350, shall be used for keeping a record or inventory of all investments purchased.

3. Interest received on investments purchased from specific funds should be entered as a receipt to the fund from which the investment was purchased, or subject to requirements of IC 5-13-9-6, the unit's general fund or any other fund designated by the governing body.

Interest received from investment of total monies on deposit should be receipted to the municipality's general fund or any other fund designated by the governing body.

4. When the investments purchased by fund are sold, the full amount of such sale should be entered as a receipt to the fund from which the investment was made. The receipt should show separately the principal (purchase price) received and the interest received. At the same time, the net purchase price (purchase price less accrued interest) should be entered as a disbursement from the "Investments - _____ Fund." This will reverse the entries made at the time of purchase.

When the investments purchased from total monies on deposit are sold, the principal (purchase price) will not be posted to a ledger or fund, but the interest received will be posted as a receipt to the municipal operating fund or whatever fund designated by the governing body. A corresponding entry shall also be made in the memorandum account, as well as the investment register.

In a cash system, the entries to the "Investments - _____ Fund" under (2) and (4) above are memorandum only, to account for the investments on the records, and will not represent actual receipts and deposits of cash. The cash transactions will flow only through the fund from which the investments were purchased.

In an accrual or modified accrual system, the following type entries will be required:

(1) Record Purchase of Investments:

151 Investments
 101 Cash; or,
 202 Accounts Payable

(2) Record Sale of Investments:

101 Cash
 151 Investments

(3) Record Interest Received:

101 Cash
 135 Interest Receivable on Investments; or,
 172 Revenues

CITY AND TOWN COURT COSTS

COURT COSTS TO BE CHARGED (Effective July 1, 1997)

<u>Case Type</u>	<u>Case Class Code</u>	<u>Total Cost 100%</u>	<u>Due State Semi- annually 55%</u>	<u>Due County Monthly 20%</u>	<u>Due City/Town Monthly 25%</u>
Criminal Actions [IC 33-19-5-1] (Note 1):					
Criminal Felony	CF	\$ 120.00	\$ 66.00	\$ 24.00	\$ 30.00
Criminal Misdemeanor	CM	\$ 120.00	\$ 66.00	\$ 24.00	\$ 30.00
Miscellaneous Criminal	MC	\$ 120.00	\$ 66.00	\$ 24.00	\$ 30.00
Judgments [IC 33-19-5-2] (Note 2):					
Infractions	IF	\$ 70.00	\$ 38.50	\$ 14.50	\$ 17.50
Local Ordinance Violations	OV	\$ 70.00	\$ 38.50	\$ 14.50	\$ 17.50
Juvenile Proceedings [IC 33-19-5-3] (Note 3, Note 4):					
Juvenile CHINS	JC	\$ 120.00	\$ 66.00	\$ 24.00	\$ 30.00
Juvenile Delinquency	JD	\$ 120.00	\$ 66.00	\$ 24.00	\$ 30.00
Juvenile Paternity	JP	\$ 120.00	\$ 66.00	\$ 24.00	\$ 30.00
Juvenile Miscellaneous	JM	\$ 120.00	\$ 66.00	\$ 24.00	\$ 30.00
Civil Actions [IC 33-19-5-4]:					
Civil Plenary	CP	\$ 100.00	\$ 55.00	\$ 20.00	\$ 25.00
Miscellaneous	MI	\$ 100.00	\$ 55.00	\$ 20.00	\$ 25.00
Domestic Relations	DR	\$ 100.00	\$ 55.00	\$ 20.00	\$ 25.00
Mental Health	MH	\$ 100.00	\$ 55.00	\$ 20.00	\$ 25.00
Adoptions	AD	\$ 100.00	\$ 55.00	\$ 20.00	\$ 25.00
Small Claims [IC 33-19-5-5]:					
Small Claims	SC	\$ 35.00	\$ 19.25	\$ 7.00	\$ 8.75
Probate and Related Proceedings [IC 33-19-5-6] (Note 4):					
Estates	ES	\$ 120.00	\$ 66.00	\$ 24.00	\$ 30.00
Guardianships	GU	\$ 120.00	\$ 66.00	\$ 24.00	\$ 30.00
Trusts	TR	\$ 120.00	\$ 66.00	\$ 24.00	\$ 30.00

- Note 1. Instead of criminal costs fee prescribed by IC 33-19-5-1, the clerk shall collect a pretrial diversion program fee if an agreement between the prosecuting attorney and the accused person entered into under IC 33-14-1-7 requires the payment of those fees by the accused person. The pretrial diversion program fee is an initial user's fee of fifty dollars (\$50.00) and a monthly user's fee of ten dollars (\$10.00) for each month that the person remains in the pretrial diversion program. [IC 36-19-5-1(c)]

In addition, IC 33-19-6-16.2 requires the defendant to pay court costs of fifty dollars (\$50.00) where the court defers prosecution under IC 33-14-1-7.

The fifty dollars (\$50.00) would be distributed as follows:

Total Cost	Due State Semiannually	Due County Monthly	Due City/Town Monthly
100%	55%	20%	25%
<u>\$ 50.00</u>	<u>\$ 27.50</u>	<u>\$ 10.00</u>	<u>\$ 12.50</u>

- Note 2. Instead of the infraction or ordinance violation costs prescribed by IC 33-19-5-2, the clerk shall collect a deferral program fee if an agreement between a prosecuting attorney or an attorney for a municipal corporation and the person charged with a violation entered into under IC 34-28-5-1 (or IC 34-4-32-1 before its repeal) requires payment of those fees by the person charged with the violation. The deferral program fee is an initial user's fee of not to exceed fifty-two dollars (\$52.00) and a monthly user's fee of not to exceed ten dollars (\$10.00) for each month the person remains in the deferral program. [IC 33-19-5-2(e)]

In addition, IC 34-28-5-1 requires the defendant in the action to agree to pay court costs of twenty-five dollars (\$25.00) to the clerk of the court if the action involves a moving traffic offense (as defined in IC 9-13-2-110).

The twenty-five dollars (\$25.00) would be distributed as follows:

Total Cost	Due State Semiannually	Due County Monthly	Due City/Town Monthly
100%	55%	20%	25%
<u>\$ 25.00</u>	<u>\$ 13.75</u>	<u>\$ 5.00</u>	<u>\$ 6.25</u>

- Note 3. Instead of the court costs fees prescribed by IC 33-19-5-3, the juvenile court may order each child who participates in a program of informal adjustment or the child's parents to pay an informal adjustment program fee of at least five dollars (\$5.00) but not more than fifteen dollars (\$15.00) for each month that the child participates in the program.

The probation department for the juvenile court shall collect the informal adjustment program fee. The probation department shall transfer the informal adjustment program fees to the county auditor, within thirty (30) days after they are collected, for deposit by the auditor in the county user fee fund established under IC 33-19-8-5. [IC 31-34-8-8]

- Note 4. It is doubtful that a city or town court has jurisdiction to hear such proceedings. Since IC 33-19-7-4 includes such distributions by city and town courts, they have been included for information purposes only.

DOCUMENT FEES

For preparing a transcript or copy of any record, legal size or letter size page including a page only partially covered with writing. [IC 33-19-6-1]	\$1.00
For each certificate under seal attached in authentication of a copy of any record, paper or transcript [IC 33-19-6-2]	\$1.00
For preparing or recording a transcript of a judgment to become a lien on real estate [IC 33-19-6-3]	\$3.00

SPECIAL DEATH BENEFIT FEE (EXPIRES DECEMBER 31, 1998)

The clerk of the court shall:

1. Collect a fee of \$5 for each bond or deposit under IC 35-33-8-3.2 (a) (1) [surety bond and cash bonds in an amount equal to the bail or bonds executed which are secured by real estate]; or \$5.00
2. Retain a fee of \$5 from each deposit under IC 35-33-8-3.2 (a) (2) [bail bonds where cash or securities are deposited in an amount of at least 10% of the amount of the bail] \$5.00

Note: With the approval of the clerk of the court, the county sheriff may collect the bail and fees. The county sheriff shall remit the bail to the clerk of the court by the following business day and remit monthly the five dollar (\$5.00) special death benefit fee to the county auditor. [IC 35-33-8-3.2 (e)]

LOCAL USER FEES

A city or town user fee fund is established in each city or town having a city or town court for the purpose of supplementing the cost of various program services. The city or town fund shall be administered by the fiscal officer of the city or town.

The city or town fund consists of the following fees collected by a clerk under this article:

1. The pretrial diversion program fee.
2. The alcohol and drug services program fee.
3. The law enforcement continuing education program fee.
4. The deferral program fee.
[IC 33-19-8-3 (a)]

Pretrial Diversion Program Fee - Applies to criminal actions. [IC 33-19-5-1 (c)]

The clerk shall collect a pretrial diversion program fee if an agreement between the prosecuting attorney and the accused person entered into under IC 33-14-1-7 requires the payment of those fees by the accused person.

Initial User's Fee.	\$50.00
Monthly User's Fee.	\$10.00

Alcohol and Drug Services Program Fee - Applies to criminal, infraction
and ordinance violations [IC 12-23-14-16] - Not to exceed. \$300.00

The clerk shall collect the alcohol and drug services program fee set by the court
under IC 12-23-14-16 in a county or city that has established an alcohol and drug
services program.

Law Enforcement Continuing Education Program Fee - Applies to any action
in which a defendant is found to have committed a crime, violated a statute
defining an infraction, or violated an ordinance of a city or town. [IC
33-19-6-7 (c)]. \$3.00

The clerk shall collect a law enforcement continuing education program fee of three
dollars (\$3.00).

Deferral Program Fee - Applies to infractions or ordinance violations. [IC 33-19-5-2 (e)]

The clerk shall collect a deferral program fee if an agreement between a prosecuting
attorney or an attorney for a municipal corporation and the person charged with a
violation under IC 34-28-5-1 (or 34-4-32-1 before its repeal) or requires payment of
those fees by the person charged with the violation.

Initial User's Fee - May Not Exceed. \$52.00
Monthly User's Fee - May Not Exceed. \$10.00

STATE USER FEES

Alcohol and Drug Countermeasures Fee - \$200.00
Applies to actions in which a person is found to have committed an
offense under IC 9-30-5 (driving while intoxicated), violated a statute
defining an infraction under IC 9-30-5, or been adjudicated a delinquent
that would be an offense under IC 9-30-5, if committed by an adult, and
the person's driving privileges are suspended by the court or a result of
a finding. [IC 33-19-6-10]

Drug Abuse, Prosecution, Interdiction and Corrections Fee - At least
Applies to persons convicted of offenses under IC 35-48-4 (offenses \$200 and
relating to controlled substances) [IC 33-19-6-9] not more
than \$1,000

PAYMENT TO COUNTY AUDITOR (MONTHLY) - STATE USER FEES

IC 33-19-7-4 (e) states:

"The clerk of the city or town court shall monthly distribute to the county auditor the following fees:

- (1) Seventy Five percent (75%) of the drug abuse, prosecution, interdiction, and corrections fees collected under IC 33-19-5-1 (b) (5).
- (2) Seventy Five percent (75%) of the alcohol and drug countermeasures fees collected under IC 33-19-5-1(b)(7), IC 33-19-5-2(b)(4) and IC 33-19-5-3(b)(5)."

PAYMENT TO AUDITOR OF STATE (SEMIANNUALLY) - STATE USER FEES

IC 33-19-7-4(d) states:

"The clerk of a city or town court shall semiannually distribute to the auditor of state for deposit in the state user fee fund established under IC 33-19-9 the following fees:

1. Twenty Five percent (25%) of the drug abuse, prosecution, interdiction, and correction fees collected under IC 33-19-5-1(b)(5).
2. Twenty Five percent (25%) of the alcohol and drug countermeasures fees collected under IC 33-19-5-1 (b) (7), IC 33-19-5-2(b)(4), and IC 33-19-5-3 (b)(5)."

The drug abuse, prosecution, interdiction and corrections fees and alcohol and drug countermeasures fees collected under IC 33-19-5-1(b) (7), IC 33-19-5-2 (b) (4), and IC 33-19-5-3 (b)(5) are required as additional fees to court costs by IC 33-19-6-9 and IC 33-19-6-10, respectively. (See Foregoing Article - State User Fees.) These fees shall be retained by the court clerk and transmitted semi-annually to the State Auditor along with the 55% of the court costs due state and the highway work zone fees.

SAFE SCHOOLS FEES

In each criminal action in which a person is convicted of an offense in which the possession or use of a firearm was an element of the offense, the court shall assess a safe schools fee of not less than two hundred dollars (\$200) and not more than one thousand dollars (\$1,000). The court shall consider the person's ability to pay the fee in determining the amount to assess. (IC 33-19-6-16.3)

HIGHWAY WORK ZONE FEES

The clerk shall collect a highway work zone fee of fifty cents (\$0.50) on all criminal, infraction and ordinance violation cases that are traffic offenses as defined in IC 9-30-3-5. However, if the criminal action, infraction, or ordinance violation involves exceeding a worksite speed limit as provided in IC 9-21-5-11 and the judge orders the clerk to collect the fee for exceeding the speed limit, the clerk shall collect a highway work zone fee of twenty-five dollars and fifty cents (\$25.50) (IC 33-19-6-14).

The clerk of the city or town court shall semiannually distribute highway work zone fees collected to the Auditor of State along with the State's share of court costs and 50% of any State user fee collections.

BAIL (10% CASH BONDS) - ADMINISTRATIVE FEE

The court may admit a defendant to bail and require the defendant to execute a bail bond by depositing cash or securities with the clerk in an amount not less than ten percent (10%) of the bail. A portion of this deposit, not to exceed ten percent (10%) of the monetary value or fifty dollars (\$50.00), whichever is the lesser amount, may be retained as an administrative fee. [IC 35-33-8-3.2]

JURY FEES

In each action in which a defendant is found to have committed a crime, violated a statute defining an infraction or violated an ordinance of a municipal corporation, the clerk shall collect a jury fee of two dollars (\$2). [IC 33-19-6-7]

Furthermore, IC 33-19-8-5 requires two dollars (\$2) of every deferral program fee collected to be accounted for as a jury fee.

All jury fees are to be remitted to the county auditor on a monthly basis.

CRIMINAL COURT COST FEES

For each action that results in a felony conviction under IC 35-50-2 or a misdemeanor conviction under IC 35-50-3, the clerk shall collect from the defendant a criminal costs fee of one hundred twenty dollars (\$120.00). [IC 33-19-5-1(a)]

In addition to the criminal costs fee collected under this section, the clerk shall collect from the defendant the following fees if they are required under IC 33-19-6:

1. A document fee.
2. A marijuana eradication program fee.
3. An alcohol and drug services program fee.
4. A law enforcement continuing education program fee.
5. A drug abuse, prosecution, interdiction, and correction fee.
6. An alcohol abuse deterrent program fee or medical fee or both.
7. An alcohol and drug countermeasures fee. [IC 33-19-5-1(b)]
8. A child abuse prevention fee.
9. A domestic violence prevention and treatment fee.
10. A highway work zone fee.
11. A deferred prosecution fee.

INFRACTIONS AND VIOLATIONS OF ORDINANCES COURT COST FEES

For each action that results in a judgment for a violation constituting an infraction, or for a violation of an ordinance of a city or town, the clerk shall collect from the defendant an infraction or ordinance violation costs fee of seventy dollars (\$70.00). [IC 33-19-5-2(a)]

In addition to the infraction or ordinance violation costs fee collected under this section, the clerk shall collect from the defendant the following fees if they are required under IC 33-19-6.

1. A document fee.
2. An alcohol and drug services program fee.
3. A law enforcement continuing education fee.
4. An alcohol and drug countermeasures fee.
5. A highway work zone fee.
6. A deferred prosecution fee.
[IC 33-19-5-2 (b)]

CIVIL PROCEEDINGS

For each civil action except: (1) proceedings to enforce a statute defining an infraction under IC 34-4-32-4; (2) proceedings to enforce an ordinance under IC 34-4-32-4; (3) proceedings in juvenile court under IC 31-6-4; (4) proceedings in paternity under IC 31-6-6.1; (5) proceedings for adoption under IC 31-3; and (6) proceedings in small claims court under IC 33-11.6, the clerk shall collect from the party filing the action a civil costs fee of one hundred dollars (\$100.00). [IC 33-19-5-4(a)]

In addition to the civil costs fees collected under this section, the clerk shall collect the following fees if they are required under IC 33-19-6:

1. A document fee.
2. A support and maintenance fee.
[IC 33-19-5-4(b)]

SMALL CLAIMS PROCEEDINGS

For each small claims action the clerk shall collect from the party filing the action a small claims costs fee of thirty-five dollars (\$35).

In addition to a small claims costs fee collected under this section, the clerk shall collect a document fee if it is required under IC 33-19-6. [IC 33-19-5-5]

BAIL AND BAIL PROCEDURES

The court may admit the defendant to bail and impose any of the following conditions to assure the defendant's appearance at any stage of the legal procedures:

- (1) Require the defendant to execute a bail bond with sufficient solvent sureties or to deposit cash or securities in an amount equal to the bail, or to execute a bond secured by real estate in the county, where the true tax value (as determined by IC 6-1.1-1-3) less encumbrances is at least equal to the amount of the bail. The defendant must also pay the special death benefit fee.
- (2) Require the defendant to execute a bail bond by depositing cash or securities with the clerk of the court, in an amount not less than ten percent (10%) of the bail. A portion of this deposit, not to exceed ten percent (10%) of the monetary value of the deposit or fifty dollars (\$50), whichever is the lesser amount, may be retained as an administrative fee. The clerk shall also retain from the deposit the special death benefit fee (until December 31, 1998).
- (3) Impose reasonable restrictions on the activities, movements, associations, and residence of the defendant during the period of release.
- (4) Require the defendant to refrain from any direct or indirect contact with an individual.
- (5) Place the defendant under reasonable supervision of a probation officer or other appropriate public official.
- (6) Release the defendant into the care of some qualified person or organization responsible for supervising the defendant and assisting the defendant in appearing in court.

- (7) Release the defendant on personal recognizance where the defendant shows little risk of non-appearance.
- (8) Impose any other reasonable restrictions designed to assure the defendant's appearance in court. [IC 35-33-8-3.2]

DOMESTIC VIOLENCE PREVENTION AND TREATMENT FEE

IC 33-19-6-13 requires the Clerk of the Court to collect a domestic violence prevention and treatment fee of fifty dollars (\$50) on all Class A misdemeanor battery cases where the victim is a spouse or former spouse of the person who committed the offense.

Such fee is in addition to all other applicable fines and costs and shall be sent to the Auditor of State on a semi-annual basis for deposit in the State's Family Violence and Victim Assistance Fund. While IC 33-19-7-4 does not make provision for the remittance of such fee to the State by a City or Town Court, the Division of State Court Administration has advised that the fees shall be remitted directly to the State by the Clerk of the Court. The Auditor of State's Report of Court Costs will reflect the fee.

If your Court collects this fee, please enter the collection on a separate blank line on the Official Receipt and in the Cash Book.

CLERK'S RECORD PERPETUATION FUND

Each Clerk of a City or Town Court shall establish a Clerk's Record Perpetuation Fund where the Court is transmitting documents by facsimile machine to a person under IC 5-14-3 and is charging a fee for such service.

Such fees are to be remitted by the Court to the City or Town fiscal officer at the end of each month.

The Clerk of a City or Town Court may use the money in the fund for the preservation of records and the improvement of record keeping systems and equipment. The fund would require appropriation. (IC 33-19-6-1.5)

MARIJUANA ERADICATION PROGRAM FEE

IC 33-19-6-6 requires the Clerk of the Court to collect a marijuana eradication program fee set by the court under IC 15-3-4.6-4.1 if

1. A weed control board has been established by the county under IC 15-3-4.6-1; and
2. The person has been convicted of an offense under IC 35-48-4 in a case prosecuted in that county.

The court may set the fee at no more than three-hundred dollars (\$300) on such cases. While IC 33-19-7-4 does not make provision for the remittance of marijuana eradication program fees, if collected, the fees will be sent to the County Auditor on a monthly basis for receipt into a County User Fee Fund per instructions from the Division of State Court Administration.

All city and town courts that handle offenses under IC 35-48-4 should determine if the county in which they are located has established a weed control board before setting such fee.

PROTECTIVE ORDERS

For each proceeding for the issuance of a protective order under IC 34-4-5.1:

- (1) the clerk of a court shall initially collect \$35 of the \$100 civil costs fee from the party that filed the action or the court may waive the initial \$35; and
- (2) upon dissolution of the protective order; the court may order that:
 - (a) the remainder of the civil costs fee (\$65) be assessed against the respondent in the action or against the party that filed; and
 - (b) the initial \$35 civil costs fee be reimbursed by the respondent to the party that filed the action or assessed against the respondent. (IC 33-19-5-4)

If the court collects the \$35 from the party initially filing the protective order, the \$35 would be distributed as follows:

Total Cost	Due State	Due County	Due
<u>100%</u>	<u>Semiannually</u>	<u>Monthly</u>	<u>City/Town</u>
	<u>55%</u>	<u>20%</u>	<u>25%</u>
\$ 35.00	\$ 19.25	\$ 7.00	\$ 8.75

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